

MANITOBA HYDRO

INTEROFFICE MEMORANDUM

FROM Jennifer Sinclair
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TO Jonathan Wiens
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DATE 2023 01 13

SUBJECT MANITOBA MINNESOTA TRANSMISSION PROJECT – EMPLOYMENT AND ECONOMY DATA

In response to the requirements of the section 4.6.1 of the Manitoba-Minnesota Transmission Project Environmental Monitoring plan, the Project Services Department provides the attached information.

Sincerely,

“original signed by”

Jennifer Sinclair
Project Services Department
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Project Management Division

1. Employment and Economy

Economic monitoring includes monitoring of employment and business activities associated with the Project. The objectives of economic monitoring for the Project were as follows:

- To track construction employment outcomes;
- To track construction business outcomes; and
- To track the effect on Project income levels, including labour income resulting from direct employment, as well as estimated taxes paid to the government.

The economic monitoring included data collected for the entire reporting period of January 1, 2019 to October 31, 2020. Data was collected to compare the actual economic effects from the Project with the predicted results presented in the Project EIS.

1.1. Employment Outcomes

Most employment opportunities were predicted to occur during the construction phase of the Project with fewer opportunities during the operations phase of the Project. Due to seasonality constraints for some aspects of the work, certain Project components had activities concentrated at specific times of the year (e.g., clearing and construction of the transmission line in the winter months for certain areas), while other Project construction components occurred throughout the entire year (e.g., upgrades to Dorsey, Riel and Glenboro South transmission stations).

During construction, employment data was collected on-site by contractors through an employee self-declaration form designed specifically for the Project (Employee Report - Manitoba-Minnesota Transmission Project). Completed forms were provided by on-site contractors to Manitoba Hydro and stored in a central database for the Project. Contractors also provided information to Manitoba Hydro on hours worked and labour income to enable calculations for person years and income estimates during construction.

Employment data was provided in the categories outlined below:

- Person years - For work that involves part-time and/or seasonal, it is useful to standardize the hires in terms of person years of employment. Person years of employment are defined as the amount of work that one worker could complete during twelve months of full-time employment. For economic planning purposes and to compare to the economic impact assessment (EIA), the number of hours worked per year is approximately 2,000 hours per year (assuming 40-44 regular hours weekly) in most trade categories. For construction comparison purposes, the number of hours worked per year is approximately 3,000 hours per year (assuming 60 regular hours weekly). As this report can be used for various types of comparisons, the data has been presented in terms of 2,000 and 3,000 hours per year.
- Hires - Refers to the number of people hired on the Project site for any duration.
- Employees - Refers to the number of individuals hired. The variance between hires and employees can be attributed to an individual being hired to the Project more than once.
- Type - Refers to job classifications of work available from the Project.

1.2. Person Years

Over the duration of the Project construction, Project direct employment for on-site Manitoba Hydro and contractor employees was estimated at 124 person years in the EIA (65 for the transmission line and 59 for the transmission station upgrades)¹.

During construction, the actual hours of direct employment totaled 597 person years in terms of a 2,000 hour per year basis (398 person years in terms of a 3,000 hour per year basis). Of the 597 person years of direct employment generated, 37% were worked by Indigenous persons and 61% were worked by Manitoba residents.

See Table 1 below for a further breakdown of person years of employment by Project component.

¹ Manitoba-Minnesota Transmission Project, Economic Impact Assessment - November 2011: Table 1B.1, Potential Economic Impacts to All of Canada - Construction Phase

Table 1 Total Cumulative Person Years of Employment

Measure	Transmission Line Construction		Transmission Station Upgrades		Project Total	
	Person years 2,000 ¹ (3,000) ²	% of total Project hours	Person years 2,000 ¹ (3,000) ²	% of total Project hours	Person years 2,000 ¹ (3,000) ²	% of total Project hours
Indigenous	209 (139)	35%	15 (10)	2%	224 (149)	37%
Non-Indigenous	311 (207)	52%	62 (42)	10%	373 (249)	63%
Manitoba	291 (194)	49%	71 (47)	12%	362 (241)	61%
non-Manitoba	229 (153)	38%	7 (4)	1%	235 (157)	39%
<i>Total</i>	<i>520 (347)</i>	<i>87%</i>	<i>77 (52)</i>	<i>13%</i>	<i>597 (398)</i>	<i>100%</i>

Notes:

Table above is not additive

¹ – This parameter is used for economic comparison purposes and to compare to estimates in the EIS.

² – This parameter is used for construction planning purposes.

1.3. Hires

Hires were not a parameter used in the EIS but are tracked by Manitoba Hydro for its projects. Hires refers to the number of people hired on the Project site for any duration. For the entire duration of the construction phase of the Project, there were 2,059 hires. Of the total hires, 80% were for construction of the transmission line and 20% were for the station upgrades. See Table 2 for a further breakdown of total hires.

Table 2 Total Cumulative Hires

Measure	Transmission Line Construction		Transmission Station Upgrades		Project Total	
	Hires	% of total Project hires	Hires	% of total Project hires	Hires	% of total Project hires
Indigenous	626	30%	91	4%	717	35%
Non-Indigenous	1016	49%	326	16%	1342	65%
Manitoba	936	45%	346	17%	1282	62%
non-Manitoba	706	34%	71	3%	777	38%
<i>Total</i>	<i>1642</i>	<i>80%</i>	<i>417</i>	<i>20%</i>	<i>2059</i>	<i>100%</i>

Notes:

Table above is not additive

1.4. Employees

The number of total employees is not a parameter predicted in the EIS but is tracked by Manitoba Hydro for its projects. The total number of employees is less than the total number of hires because the same individual may have been hired more than once. For example, an individual may have moved to work on a different contract or moved to a different job classification to improve their position. A total of 1,691 employees worked on the construction phase of the Project. Of these, 62% resided in Manitoba. See Table 3 for the breakdown of total employees.

Table 3 Total Cumulative Project Employees

Measure	Transmission Line Construction		Transmission Station Upgrades		Project Total	
	Employees	% of total Project employees	Employees	% of total Project employees	Employees	% of total Project employees
Indigenous	527	31%	81	5%	571	34%
non-Indigenous	925	55%	294	17%	1120	66%
Manitoba	816	48%	314	19%	1043	62%
non-Manitoba	636	38%	61	4%	648	38%
<i>Total</i>	<i>1452</i>	<i>86%</i>	<i>375</i>	<i>22%</i>	<i>1691</i>	<i>100%</i>

Notes:

Table above is not additive

1.5. Type of Work - Job Classifications

The EIS did not quantitatively estimate the number of hires in each job classification but did make general predictions regarding the type of work that would be required for the Project. This included employment of equipment operators, trades and apprentices, semi-skilled and unskilled labourers, as well as positions for staff and supervisory roles such as engineers, health and safety staff, supervisors, and managers. These job classifications were represented throughout the Project construction and are provided in Table 4 Total Hires by Job Classification

In total, 2,059 hires worked in 12 different job classifications. The top three classifications as a percentage of total hires were linemen and associated line trades (35%), staff and supervisory positions (26%), and equipment operators (16%). For

employee privacy and confidentiality reasons, the number of hires is not broken down further as the numbers are low for some of the classifications listed.

Table 4 Total Hires by Job Classification

Job classification	Transmission Line Construction		Transmission Station Upgrades		Project Total	
	Hires	% of total Project hires	Hires	% of total Project hires	Hires	% of total Project hires
Carpenters	5	<1%	<5	<1%	6	<1%
Catering & Janitorial	40	2%	0	0%	40	2%
Crane Operators	33	2%	<5	<1%	34	2%
Electrical Workers	9	<1%	52	3%	61	3%
Equipment Operators	296	14%	35	2%	331	16%
Labourers	202	10%	14	1%	216	10%
Linemen and Associated Line Trades	632	31%	84	4%	716	35%
Office & Professional Employees	44	2%	0	0%	44	2%
Plumbers & Pipefitters	<5	<1%	0	0%	<5	<1%
Refrigeration Workers	<5	<1%	0	0%	<5	<1%
Teamsters & Associated Trades	65	3%	<5	<1%	69	3%
Staff & Supervisory	310	15%	226	11%	536	26%
<i>Total</i>	1642	80%	417	20%	2059	100%

1.6. Business Outcomes

Construction of the Project has resulted in business opportunities locally, regionally and throughout the province and Canada. Manitoba Hydro has policies in place to promote local businesses on its projects. The goal is to enhance business relationships with the communities and to assist them in building capacity and competitiveness of their businesses through involvement in Manitoba Hydro contracts.

Monitoring both direct and indirect business effects provides data on the success and effectiveness of efforts to enhance local business participation, as well as being an indication of the general economic impact of the Project in communities in the construction vicinity. Business outcomes for the subject report are measured in terms of data on the direct expenditures of the Project for goods and services with a focus on Indigenous and provincial spending. Indirect business effects are summarized in section 1.8.

1.7. Direct Project Expenditures

There was a total of \$282.4 million dollars spent on goods and services for the construction of the Project. The estimated direct Project expenditures for materials and services during the construction phase reported in the EIS was \$211.8 million dollars. The actual value is approximately 133% of the EIS estimated construction phase Project expenditures. **Error! Reference source not found.** summarizes the breakdown of total direct purchases during the construction phase.

Table 5 Direct Purchases

Measure	Transmission Line Construction		Transmission Station Upgrades		Project Total	
	\$ (Millions)	% of total Project	\$ (Millions)	% of total Project	\$ (Millions)	% of total Project
Indigenous	74.9	27%	0	0%	74.8	27%
Non-Indigenous	143.5	51%	64.0	23%	207.5	73%
Manitoba	191.9	68%	41.5	15%	233.4	83%
non-Manitoba	26.5	9%	22.5	8%	49.0	17%
<i>Total</i>	<i>218.4</i>	<i>77%</i>	<i>64.0</i>	<i>23%</i>	<i>282.4</i>	<i>100%</i>

Notes:

Table above is not additive

1.8. Indirect Business Effects

Indirect business effects arise from the Project-related purchases by Manitoba Hydro and its principal contractors while induced business effects arise from the spending of income earned by workers (and their families) employed on the Project. These effects can be both beneficial and adverse. The EIS predicted general indirect benefits including purchase of meals, gasoline and accommodations by the contractors and incidental purchases of repairs and parts for construction vehicles and equipment as well as the purchase of some materials.

2. Labour Income and Tax Revenue

Labour income is an important indicator of the direct economic impact of a project. Income levels affect the general standard of living of individuals and families by influencing the acquisition of basic human needs including housing, food and clothing. Consequently, monitoring income levels can provide a general indication of a project's contribution to an overall standard of living. The estimate of labour income

reflects the direct income of wages and salaries associated with direct person-years of employment.

Regarding taxation, direct taxes paid reflect incremental revenue sources generated for governments as a result of a project. The incremental revenues, in turn, contribute to societal programs and general well-being. The following parameters were monitored during the Project construction phase:

- Labour income - direct income earned by workers from employment on the Project.
- Taxes paid
 - Provincial sales tax
 - Payroll tax
 - Corporate capital tax
 - Fuel tax

The EIS estimated the Project expenditures during the construction phase would contribute \$35.3 million in labour income and \$29.4 million in tax revenue to Manitoba. The EIS also estimated the Project would contribute \$53.7 million in labour income and \$46.3 million in tax revenue to all of Canada.

2.1. Labour Income

The estimate of labour income reflects the direct income earned by workers from employment on the Project. It is the sum of wages and salaries associated with direct person years of employment. During the construction phase of the Project, the total labour income earned by Manitoba workers was \$30.3 million, accounting for 86% of the Manitoba-based labor income predicted in the EIS (\$35.3 million).

The total labour income earned by all workers during the construction phase of the Project was \$55.3 million which is 103% of the EIS estimated labour income to Canada (\$53.7 million). **Error! Reference source not found.** 6 lists the breakdown of labour income earned on the Project.

Table 6 Labour Income

Measure	Transmission Line Construction	Transmission Station Upgrades	Project Total
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	\$ (Millions)	% of total Project	\$ (Millions)	% of total Project	\$ (Millions)	% of total Project
Indigenous	16.5	30%	1.4	2%	17.9	32%
Non-Indigenous	31.5	57%	6.0	11%	37.5	68%
Manitoba	23.6	43%	6.7	12%	30.3	55%
non-Manitoba	24.4	44%	0.7	1%	25.0	45%
<i>Total</i>	<i>48.0</i>	<i>87%</i>	<i>7.4</i>	<i>13%</i>	<i>55.3</i>	<i>100%</i>

Notes:

Table above is not additive

2.2. Taxes

The Project also contributed to government revenues. This includes revenues received by federal and provincial governments such as payroll tax, personal income tax, capital tax, fuel tax and provincial sales tax. Not all of these taxes are payable by the Project; however, they are generated as a result of the work undertaken.

The estimate of total tax impacts from the Project is \$27.64 million. The estimate includes \$1.19 million in payroll taxes², \$8.9 million in personal income taxes³, \$1.74 million in capital tax, \$0.52 million in fuel tax⁴ and \$15.3 million in provincial sales tax⁵. The estimate does not include taxes received by the local or municipal government or taxes associated with indirect or induced employment.

² Health and Post-secondary Education Tax (Payroll tax) is calculated as 2.15 percent of the labour income of \$55.3 million.

³ Personal income taxes are paid by individual employees to the federal and provincial governments. Each individual's personal tax situation (and therefore taxes payable) will vary. However, this estimate is based on a range of reasonable assumptions.

⁴ The fuel tax estimate is based on provincial taxes of 14 cents/litre for both diesel and gasoline and federal taxes of 4 cents/litre for diesel fuel and 10 cents/litre for gasoline.

⁵ PST is based on estimates of taxes paid directly by the project and PST on materials provided by suppliers under real property contracts.

